

Message Text

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ACTION EA-12

INFO OCT-01 ISO-00 ACDA-12 CIAE-00 INR-10 IO-13 L-03
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FM AMEMBASSY CANBERRA

TO SECSTATE WASHDC PRIORITY 3531

LIMITED OFFICIAL USE SECTION 1 OF 2 CANBERRA 4609

E.O. 11652: N/A

TAGS: EMIN, ENRG, MNUC, OTRA (NYE-NOSENZO), AS

SUBJECT: AUSTRALIAN URANIUM SCENE

REF: STATE 147841

1. SUMMARY: GOA HAS APPROVED THE MINING, MILLING AND EXPORTING OF URANIUM OXIDE. PARLIAMENT RECENTLY PASSED THE SIX-PART URANIUM PACKAGE WHICH CLEARS THE WAY FOR URANIUM MINING CONTINGENT UPON MINING COMPANIES OBTAINING ENVIRONMENTAL CLEARANCES AND REACHING AGREEMENT WITH ABORIGINALS ON ROYALTY PAYMENTS TO THE LATTER. THE MAJOR UNRESOLVED ISSUE IS THE ROYALTY QUESTION BETWEEN COMPANIES AND THE ABORIGINALS, A PROBLEM WHICH IS CAUSING INORDINATE DELAYS. BUT, IT IS LIKELY THAT GOA WILL SOON PUSH FOR IMMEDIATE RESOLUTION OF THE PROBLEM SO MINE DEVELOPMENT CAN BEGIN. URANIUM DEVELOPMENTS HAVE BEEN REPORTED EXTENSIVELY. DISCUSSION BELOW WILL REFERENCE PERTINENT MESSAGES CONCERNING URANIUM DEVELOPMENTS. END SUMMARY

2. URANIUM RESOURCES:

AUSTRALIA'S URANIUM RESOURCES AT JUNE 30, 1977, ARE ESTIMATED AS FOLLOWS: RECOVERABLE AT A COST UP TO
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US DOLS 80/KG URANIUM (US DOLS 30/LB. U308) -- REASONABLY ASSURED RESOURCES, 289,000 TONNES URANIUM, ESTIMATED ADDITIONAL RESOURCES 44,000 TONNES URANIUM; RECOVERABLE AT COST OF US DOLS 80-130/KG URANIUM (US DOLS 30/50/LB U308) --REASONABLY ASSURED RESOURCES 7,000 TONNES URANIUM, ESTIMATED ADDITIONAL RESOURCES 5,000 TONNES URANIUM (SEE 77 CANBERRA A-039; CANBERRA A-109, AND

CANBERRA 850).

3. RANGER (FOX) URANIUM ENVIRONMENTAL INQUIRY: ON JULY 16, 1975, THE GOA DIRECTED THAT AN INQUIRY BE CONDUCTED IN RELATION TO THE PROPOSAL FOR THE DEVELOPMENT OF THE RANGER URANIUM DEPOSITS IN THE NORTHERN TERRITORY. THE FIRST RANGER REPORT (SEE 76 CANBERRA 7888) GAVE QUALIFIED APPROVAL FOR SEQUENTIAL DEVELOPMENT OF URANIUM MINES CONCLUDING THAT THE HAZARDS OF MINING AND MILLING URANIUM AND OPERATING NUCLEAR POWER REACTORS, IF PROPERLY REGULATED AND CONTROLLED, ARE NOT SUFFICIENT TO PLACE BAN ON URANIUM MINING. THE SECOND RANGER REPORT RELEASED IN MAY 1977 (SEE 77 CANBERRA 3763 AND 77 CANBERRA A-073) GAVE THE "AMBER LIGHT" TO URANIUM MINING.

4. GOA DECISION TO PROCEED WITH URANIUM DEVELOPMENT: ON AUGUST 25, 1977, PRIME MINISTER FRASER ANNOUNCED GOA DECISION TO MINE AND EXPORT URANIUM (SEE 77 CANBERRA 05991). PRIME MINISTER EMPHASIZED THAT AUSTRALIA HAS OBLIGATION TO ASSIST IN SOLVING WORLD ENERGY REQUIREMENT; AS URANIUM EXPORTER AUSTRALIA WILL HAVE KEY ROLE IN NUCLEAR SAFEGUARDS IN THE WORLD; AND AUSTRALIAN URANIUM AVAILABILITY WILL SLOW MOVEMENT TO REPROCESSING AND REDUCE PLUTONIUM THREAT.

5. BY JUNE 8, 1978, PARLIAMENT PASSED SIX-PART URANIUM LIMITED OFFICIAL USE

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PACKAGE WHICH CLEARS MOST OF THE HURDLES TO URANIUM MINING. BILLS PASSED (TO BE SUBJECT OF FORTHCOMING AIRGRAM) INCLUDE: AMENDMENT TO ABORIGINAL LAND RIGHTS ACT 1976; BILL TO PROTECT ENVIRONMENT IN THE ALLIGATOR RIVERS REGION; AMENDMENT TO ATOMIC ENERGY ACT 1953; BILL RELATING TO ENVIRONMENTAL ENFORCEMENT IN ALLIGATOR RIVERS REGION; ENVIRONMENT PROTECTION (NUCLEAR CODES) BILL 1978; AND AN AMENDMENT TO THE NATIONAL PARKS AND WILDLIFE CONSERVATION ACT, 1975.

6. AUSTRALIAN URANIUM EXPORT CONTROL: ON JUNE 1, 1978, IT WAS ANNOUNCED THAT THE MINISTER FOR TRADE AND RESOURCES DOUG ANTHONY WILL HAVE COMPLETE AUTHORITY OVER THE MARKETING OF URANIUM. FURTHER, THE DECISION TO DEFER THE CREATION OF THE URANIUM MARKETING AUTHORITY (UMA) WAS ANNOUNCED (SEE CANBERRA 04449 FOR DETAILS). ONE OF THE PRINCIPAL CONCERNS OF THE GOA IS TO SEEK A WAY AROUND U.S. ANTI-TRUST LEGISLATION WHEN ESTABLISHING THE UMA OR AS IT WILL BE KNOWN AUSTRALIAN URANIUM EXPORT AUTHORITY (AUEA). (FOR DETAILS OF ANTI-TRUST CONCERNS SEE 77 CANBERRA 08053 AND 78 CANBERRA 03941.)

7. RESPONSIBILITY WITHIN THE GOA BUREAUCRACY FOR ADMINISTRATION OF THE GARIOUS ASPECTS OF GOA URANIUM AND NUCLEAR POLICY RESIDES IN THE FOLLOWING DEPARTMENTS: NATIONAL DEVELOPMENT--REGULATES URANIUM INDUSTRY UNTIL MINE DEVELOPMENT STAGE IS REACHED; TRADE AND RESOURCES-- RESPONSIBLE FOR URANIUM AFFAIRS FROM THE DEVELOPMENT STAGE UNTIL ORE IS EXPORTED; AND FOREIGN AFFAIRS-- ASSURES THAT URANIUM BUYERS ARE PARTIES TO AND ADHERE TO GOA NUCLEAR SAFEGUARDS (SEE 77 CANBERRA 03790). THERE APPEARS TO BE LITTLE BUREAUCRATIC RIVALRY CONCERNING THE ADMINISTRATION OF GOA URANIUM POLICY AS THE LINES OF AUTHORITY HAVE BEEN CLEARLY DEMARCATED.

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8. GOA HAS HAD NUCLEAR SAFEGUARDS AND POTENTIAL URANIUM SALES DISCUSSIONS WITH THE U.K., U.S., JAPAN, ITALY, PHILIPPINES, WEST GERMANY, FINLAND, AUSTRIA, IRAN AND FRANCE (SEE CANBERRA 04550, CANBERRA 03057.)

NO NUCLEAR SAFEGUARDS AGREEMENTS HAVE BEEN CONCLUDED NOR HAVE ANY NEW URANIUM SALES CONTRACTS BEEN FINALIZED. ONLY URANIUM SALES ARE THOSE CURRENTLY BEING MADE FROM MARY KETHLEEN AND THE ATOMIC ENERGY STOCKPILE, AND THESE SALES CONTRACTS WERE CONCLUDED IN 1972.

9. URANIUM DEVELOPMENT SCENARIO: WHEN THE ABORIGINAL ROYALTY PROBLEM IS RESOVED AND COMPANIES SUBMIT AND RECEIVE APPROVAL FOR THEIR ENVIRONMENTAL IMPACT STATEMENTS, THE DE FACTO ORDER OF DEVELOPMENT, AS OPPOSED AS TO DEVELOPMENT BY GOA SELECTION, IS LIKELY TO BE: NABARLEK, RANGER, JABILUKA AND YEELERRIE (SEE 77 CANBERRA A-107).

BECAUSE OF DELAYS CURRENTLY PLAGUING THE MINING COMPANIES, IT IS UNLIKELY THAT ANY DEVELOPMENTAL ACTIVITIES WILL BE ABLE TO BEGIN DURING THE CURRENT DRY SEASON IN THE NORTHERN TERRITORY.

10. ABORIGINAL ROYALTY PROBLEM: GOA HAS STATED IT WILL LIMITED OFFICIAL USE

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NOT GIVE ANY APPROVAL TO A MINING DEVELOPMENT SCHEME UNTIL, AMONG OTHER THINGS, AN AGREEMENT IS REACHED BETWEEN THE ABORIGINES AND THE MINER CONCERNING THE AMOUNT OF RAYALTIES THAT WILL APPERTAIN TO THE NATIVES. THE INITIAL SALVOS WERE FIRED BY THE ABORIGINES IN FEBRUARY 1978(SEE CANBERRA 00846). THE NORTHERN LAND COUNCIL (NLC), THE SPOKESMAN FOR THE ABORIGINAL COMMUNITY, IS SEEKING EXORBITANT ROYALTIES AND CONTROL OVER WHO MINES WHEN AND WHERE. THE NLC HAS RETAINED THE AMERICAN STEVEN ZORN AS THEIR ADVISOR IN THE BATTLE WITH THE GOA AND THE MINERS. NEGOTIATIONS AT THE MOMENT ARE AT A STALEMATE.

11. OPPOSITION TO GOA URANIUM POLICY: THE GOA DECISION ON URANIUM MINING IS OPPOSED BY THE AUSTRALIAN LABOR PARTY (ALP) BASICALLY BECAUSE THEY FEEL NUCLEAR SAFEGUARDS AND WASTE DISPOSAL TECHNOLOGY ARE NOT WELL ENOUGH DEVELOPED (SEE 77 CANBERRA 06018). SEVERAL ENVIRONMENTAL GROUPS CONTINUE TO OPPOSE URANIUM MINING, BUT THEIR PLEAS HAVE TURNED IN TO LITTLE MORE THAN A CRY IN THE WILDERNESS. INITIALLY SEVERAL LABOR UNIONS OPPOSED THE URANIUM DECISION, BUT SLOWLY MANY OF THE TRADE UNIONS ARE REVERSING THEIR NEGATIVE STAND AND ARE FAVORING URANIUM DEVELOPMENT IN AN EFFORT TO OBTAIN INCREASED EMPLOYMENT OPPORTUNITIES.

12. SOUTH AUSTRALIA IS THE ONLY STATE THAT OPPOSES THE DEVELOPMENT OF URANIUM. PREMIER DON DUNSTAN, AFTER INITIALLY ENCOURAGING THE DEVELOPMENT OF A URANIUM ENRICHMENT FACILITY IN SOUTH AUSTRALIA, REVERSED HIS SUPPORT FOR NUCLEAR INDUSTRY IN MARCH 1977 (SEE 77 CANBERRA A-046), BECAUSE NUCLEAR SAFEGUARDS ISSUES HAVE NOT BEEN ADEQUATELY DEALT WITH. DUNSTAN'S DECISION WAS MORE LIKELY ONE OF POLITICAL EXPEDIENCY LIMITED OFFICIAL USE

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THAN ANYTHING ELSE. RECENTLY, IT HAS BEEN RUMORED THAT DUNSTAN IS ABOUT TO CALL FOR A STATE REFERENDUM ON THE QUESTION OF URANIUM DEVELOPMENT IN SOUTH

AUSTRALIA (SEE CANBERRA 3113). THE REFERENDUM QUITE
LIKELY WILL SUPPORT THE DEVELOPMENT OF A URANIUM
INDUSTRY.
SQUIRE

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